

MGT-200

**Economic thinking**

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<b>Cursus</b>	<b>Sem.</b>	<b>Type</b>
Humanities and Social Sciences	BA3	Obl.

Language of teaching	English
Credits	2
Session	Winter
Semester	Fall
Exam	During the semester
Workload	60h
Weeks	14
<b>Hours</b>	<b>2 weekly</b>
Courses	2 weekly
<b>Number of positions</b>	<b>90</b>

**Remark**

Une seule inscription à un cours SHS+MGT autorisée. En cas d'inscriptions multiples elles seront toutes supprimées sans notification.

**Summary**

This course introduces frameworks, concepts and tools to understand the economic dimensions of the world we live in. The course includes applications to real-world situations and events. Assessment is through group projects. The course is divided into two parts: Microeconomics and Macroeconomics.

**Content****Microeconomics**

1. Key principles of economics: allocation of scarce resources, trade-offs, opportunity costs, marginal reasoning, and incentives; economic models
2. Gains from trade. Comparative advantage. International trade
3. Demand and supply. Price controls. Market efficiency and when it fails
4. Cost structure of firms
5. Perfect competition
6. Monopoly
7. Principles of game theory and applications to interactions among firms

**Macroeconomics**

1. National accounts and economic cycles. Application: how is the Swiss economy doing?
2. Saving and asset markets. Application: real estate markets and the economy
3. Economic fluctuations: business cycles and crises. Application: Covid-19 crisis
4. Fiscal policy. Application: fiscal response to the Covid-19 crisis
5. Monetary policy. Application: the interest rate hike of 2022
6. Exchange rates. Application: the exchange rate floor of 2011-2015
7. Banks and banking regulation. Application: Global financial crisis 2008-09

**Keywords**

Principles of economics, demand and supply, competition; national accounts, business cycles, markets, monetary and fiscal policy, exchange rate.

**Learning Prerequisites****Required courses**

None

**Recommended courses**

None

## Learning Outcomes

By the end of the course, the student must be able to:

- Explain the forces driving demand and supply and their impact on market conditions
- Apply economic analysis to everyday problems in real world situations
- Interpret various economic parameters such as equilibrium price and quantity, elasticity, average costs, marginal costs etc.
- Classify firms into different market structures and show how competitive structures influence the individual firm's behavior
- Assess / Evaluate macroeconomic conditions and stabilization policies
- Examine the relationship between interest rates and exchange rates
- Analyze the effect of economic events and policies on exchange rates
- Estimate how monetary, fiscal and exchange rate policies will affect the economy in an international context

## Transversal skills

- Demonstrate the capacity for critical thinking
- Evaluate one's own performance in the team, receive and respond appropriately to feedback.
- Access and evaluate appropriate sources of information.
- Use a work methodology appropriate to the task.

## Teaching methods

The course is organized in lectures and applications with class discussions. The lectures will introduce key economic concepts and economic policy tools. Applications to real world situations and economic events will be analyzed and discussed in class. Students will be divided in groups to work on projects that will be graded.

## Expected student activities

### GROUP PROJECT

Students will be divided in groups. Each group will complete a project that comprises a microeconomic part and a macroeconomic part. The microeconomic project will be announced early in the course and due by the end of week 7; the macroeconomic project will be announced in week 10 and due by the end of the semester.

## Assessment methods

50% Group project: microeconomic part  
50% Group project: macroeconomic part

## Supervision

Office hours	Yes
Assistants	Yes
Forum	No

## Resources

### Virtual desktop infrastructure (VDI)

No

## Bibliography

### Textbooks:

*Principles of Economics* (8th edition) by N. Gregory Mankiw, Chapters 1 to 7, and 13 to 17.  
*International Economics: Theory & Policy* (12th edition), Krugman, P.R., M. Obstfeld and M. Melitz (2021).  
Pearson

### Ressources en bibliothèque

- [International Economics / Krugman](#)
- [Principles of Economics](#)

### Notes/Handbook

**Slides:** The slides will be available on the class web site.

**Projects:** Projects setup will be available on the class website.

### Moodle Link

- <https://go.epfl.ch/MGT-200>